



Trip Report: Windhoek Meeting on the TKC

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TRIP REPORT - MEETING ON THE TKC **Windhoek, Namibia (15-18 July 2003)**

Introduction

A Hub-sponsored meeting on the revival of the Trans Kalahari Corridor (TKC) pilot project was held in Windhoek Namibia from 14 to 17 July 2003. The meeting was attended by transit and ICT experts from the Customs administrations of each of the TKC countries. Three Customs officials from Malawi, Tanzania and Zambia represented the Dar es Salaam Corridor. A Hub team comprising the Conference and Logistics specialist, the Transport policy advisor, the Transit specialist and the Customs reform advisor provided logistical and technical support to the meeting.

As will be recalled, the aim of the project, which was first launched in April 2002, is to pilot the SADC transit regime on the Trans Kalahari transport corridor. The pilot had not taken off the ground because transit operators complained that it still involved a number of documents for transit and national taxes while they expected a single multi-purpose document. Furthermore, the project was not based on legislation but on voluntary participation by transporters and freight forwarders.

The three countries had held several meetings to agree on a number of issues including documentation and enabling legislation. The meeting finalized the issues pending before the Pilot project starts again on the 1st of August 2003.

SAD 500

The countries had agreed on a multi-purpose document based on the SADC Customs document. This was in keeping with the decision of the SADC Sub-Committee on Customs Cooperation that the SADC Customs Document (SADC-CD) would serve as a basis of national single administrative documents (SADs). Countries can adapt the document to serve their purposes, provided that they retain all the SADC data elements. The TKC countries agreed on a TKC SAD, which they have called SAD 500. The same document will be used for moving goods in transit on the TKC and for declaring the goods for home use (for VAT purposes). The SAD 500 will replace 9 national documents. At the meeting the supporting documents and the distribution and movement of copies for purposes of effective control were agreed on.

Enabling Legislation

The countries had agreed to adopt subsidiary legislation to give effect to the new document and accompanying procedures. At the meeting, it was re-affirmed that by the commencement date, transit operators and Customs officials in the three countries would have been familiarized with the new legislation.

Single Customs Guarantee Bond

Under normal circumstances, each country would require a bond guarantee to cover the duty/taxes due on goods in transit should they illicitly be diverted into home use while they are in the Customs territory. However, the Customs administrations have been relying on the bond guarantee established in the country of commencement. For example, for a consignment starting in Johannesburg and consigned to Windhoek, the operator will take out a bond in Johannesburg. He need not take another bond when the truck enters Botswana since Botswana Customs would respect the existing bond. Furthermore the bond will be acquitted only if Namibia Customs certifies that the goods have been fully accounted for in Namibia. The meeting decided to maintain the status quo although it was acknowledged that financial institutions issuing bond guarantees normally insist that the guarantee is valid only within the national territory. This issue will be revisited in due course.

Departmental Instructions and Guidelines for Transit Operators

It was also reported that stakeholders in the three countries had been briefed about the new documentation and procedures. The meeting finalized departmental instructions for use by transit Customs offices in the three countries.

Help-Desk

It was agreed that each country would set up a help-desk and also provide a hotline and names of contact persons. These facilities will enable Customs administrations not only to provide information but also provide immediate assistance to transit operators en route.

Harmonization of Border Opening Hours

The meeting considered a proposal to harmonize the opening hours of Skilpadshok/Pioneer Gate with those of Mamuno and Trans-Kalahari border posts, i.e., from 7.am to midnight, 7 days a week. The South Africa Revenue Services (SARS) reported that they had submitted this proposal to senior management for approval. Botswana Customs had started consultations with their Immigration counterparts. The two Customs administrations would be reporting the outcome of the proposal in due course.

Presentation of the TKC Website Format

Botswana Customs presented a proposed format for a TKC website. This was endorsed by the meeting. It was agreed that initially the website would be hosted by the South African Revenue Services, which agreed to continue with the design work to be completed in two months' time. The hosting of the website would be transferred to the TKC Secretariat when the Secretariat is fully established and adequately staffed. The website will have links to the websites of the Customs administrations and of a few organizations like the South African Association of Freight Forwarders (SAAFF) and the

Federation of Eastern and Southern African Road Transport Associations (FESARTA). It will include the TKC forms and the guidelines for completing them, the procedures, and information about contact persons and available help.

Presentation of the ASYCUDA++ Transit Module

The Botswana delegation made a presentation of the transit module of the Automated System for Customs Data (ASYCUDA), the system used for processing Customs clearance of goods and collecting statistics in Botswana and Namibia. Botswana is using the more sophisticated version, ASYCUDA ++, while Namibia is still upgrading to this version. It was clear from the presentation that once the upgrading is completed, it will be possible to transmit data electronically between the border stations within the same country and between Botswana and Namibia. This will further facilitate the control of transit traffic and reduce transit costs.

ASYCUDA, which can run on a stand-alone PC, is maintained by the United Nations Conference on Trade and Development (UNCTAD), which developed it in the 1980s initially for developing countries where time on mainframe computers was not easily available. With the sophistication of the modern PC, which was inconceivable then, the system has also been upgraded to manage large-volume data processing and electronic transmission of data. Other things being equal, the system could be suitable even for South Africa, which is currently using a home-developed system. As South Africa is unlikely to adopt the ASYCUDA system, the networking of all the three TKC countries for transit purposes will depend on the possibility of interfacing the two systems. When this is realized, transit controls will be simplified even further and the collection of transit traffic statistics will be much facilitated.

Situation at the Angolan Namibian Border

The delegation of Angola explained the current situation in Angola Customs and at the border between Angola and Namibia. The delegation reported that there is currently a Customs reform and modernization project, which is being implemented by the Crown Agents and funded by the Angola Government itself. Customs documentation had been streamlined and a single document for Customs clearance introduced; Customs procedures had been simplified and computerized (using TIMS – Technical Information Monitoring System) at the port and airport, and clearance times reduced significantly. Government revenue had more than doubled over a period of two years, and the incidence of corruption had been reduced drastically.

Regarding the southern border, there was need to rehabilitate buildings, water and electricity and to provide adequate border staff before the border offices could function properly.

The meeting exchanged views on the impact the TKC Pilot project would have on the southern border. It was generally agreed that there will be increased efficiency especially in the delivery of goods from the Gauteng province to northern Namibia and on to

Angola. The resulting increased volume of goods crossing the border to Angola might pose problems. However, these could be addressed effectively by increased collaboration between Angola and Namibian Customs. The meeting provided the opportunity for informal contacts between the Customs administration of Angola and Namibia.

Official Inauguration of TKC & Signing of MOU

The meeting was informed that the TKC Memorandum of Understanding between the three countries was scheduled for signature in mid August in Walvis Bay, Namibia. It was agreed that this would be an appropriate occasion for the official launching of the pilot project.

Evaluation & Monitoring of the Project

The meeting agreed on the need to monitor the implementation of the project from the date of its commencement and that the private sector would play the leading role. It was also agreed that the project would run for a period of six months and that it would be evaluated at agreed intervals. The following are some of the performance indicators that could be used in evaluating the pilot project.

- Clearance times
- Volume of TKC traffic
- Level of compliance
- Level of acquittals
- Level of bonds called in
- Level of risk
- Completion of errors relating to documentation
- Cost reduction etc

The Hub reported that baseline data would be available and that a form for recording clearance times at the border had been developed. The Hub would help to write the methodology of monitoring and evaluation and distribute the same to the Customs administrations as soon as possible.

Press Release

At the end of the meeting there was a press conference chaired by Namibia Customs and with the participation of the Walvis Bay Corridor Group, Namibia Customs and the Hub. A press release prepared by the meeting was issued.

Conclusion

As mentioned earlier, this was the last meeting before the Pilot project starts on the 1st of August 2003. A few factors are remarkable about the efforts to get the project revived. The first is the strong commitment of the heads of Customs of the three countries to get the project going. The Hub identified the head of Customs of South Africa as the regional

driver. The second is the strong team in National administrations that the Hub was able to secure. Each country was represented by a manager, a transit specialist and an ICT expert. The three experts from each country constitute a standing corridor team with which the Hub works. Consultations have been continuous and meetings have been called only when it was necessary. The role of the Hub has been to coordinate, to prod, to organize and to fund meetings when there is a clear agenda agreed on by the team members. The representatives of the Dar Corridor (from Malawi, Tanzania and Zambia) who attended the meetings expressed their appreciation for the opportunity to participate in the TKC meetings. This will clearly enable them to adopt the team spirit also necessary to tackle the issues of their corridor.

The Hub will visit the borders after the 1st of August to see how the pilot has started and to detect any problems hindering a smooth start.